

“Recommending Divestment from Companies that Profit off of War”

An update to the charter of the MIDDLEBURY COLLEGE ADVISORY COMMITTEE ON SOCIALLY RESPONSIBLE INVESTMENT (ACSRI)

To aid implementation of Winter 2024, Senate Resolution 4, Passed 7-0-2 on Jan 22

Introduction

“As an academic institution, the College administration and the Board of Trustees are interested in engaging our students’ interest in the endowment. Such engagement, however, must be serious and be based in responsible inquiry and research. It must also be respectful and inclusive of all opinions. A look at divestment must include the consequences, both pro and con, of such a direction, including how likely it will be to achieve the hoped-for results and what the implications might be for the College, for faculty, staff, and individual students.”

—Middlebury President Ronald Liebowitz [response](#) to divestment activism in 2012

“Energy2028 will fulfill Middlebury’s mission at its deepest level: students learning how to engage their communities, think consequentially, and act creatively at this crucial time for our environment.”

—Energy2028

“In an increasingly fractured world, Middlebury has made a commitment to serve as an incubator for research, teaching, and student experiences to address divisiveness in society.”

—Davis Collaborative in Conflict Transformation

On December 7th, 2023, the Jewish holiday of Hanukkah started, and 30 Middlebury Jewish students engaged in a peaceful, week-long demonstration of sitting at Wilson Cafe in the McCullough student center throughout finals week. These students lit candles, sang songs, and [called for](#) the school to switch providers from Starbucks, in line with the “established history of activists calling for more ethical financial practices at Middlebury.” These students also clarified that the [initial ask](#) of 2012 divest activities was to be against “industries of violence *and* environmental degradation.” While [divestment from fossil fuels](#) was achieved in 2019, and, as of last year, so was divestment from arms manufacturers, current students are eager and honored to continue the work of better aligning Middlebury’s finances and investments with its values.

The impetus of creating a SGA resolution stemmed from the dual goals of switching coffee providers from Starbucks as well as wanting to codify and expand on the important update of Middlebury holding no shares in arms manufacturers. Such was the nature of the SGA resolution passed 7-0-2 on January 22nd entitled “Regarding Middlebury’s Ethics in Investment and Consumer Partnership Related to Indigenous Peoples.” Since the passing of said resolution, the process of consulting about coffee providers has started, but more context about endowment investing is necessary. **The basic premise of this document is to equip college stakeholders, ranging from the Student Government Association to Senior Leadership and the Board of Trustees, to engage respectfully and seriously with the recently passed SGA resolution and its first aim of expanding and codifying divestment from war profiteering.**

The resolution proceeds as follows:

Whereas, Middlebury College's [mission statement](#) asserts its commitment to "foster[ing] the inquiry, equity, and agency necessary for [students] to practice ethical citizenship at home and far beyond our Vermont campus";

Whereas, the [Middlebury Land Acknowledgement](#) asserts that "[w]e are all one in the sacred web of life that connects people, animals, plants, air, water, and earth" and an essential part of recognizing the interconnectedness of all indigenous peoples requires coalescing around struggles for indigenous justice "at home and far beyond";

Whereas, Middlebury has a robust history of leading its peer institutions in social change through ethical financial practices, namely in its historic divestment from fossil fuels in 2019 and from South African apartheid in 1981, and honors this legacy de facto by holding zero shares in arms manufacturing firms as of one year ago;

Whereas, financial institutional safeguards such as the Middlebury [Advisory Committee on Socially Responsible Investment \(ACSRI\)](#), exist "[t]o discourage the violation of human rights around the world, including but not limited to: Genocide, War Crimes, Torture, [and] Due Process of Law" which are human rights abuses that have been and are currently waged against indigenous peoples;

Whereas, Starbucks Corporation notoriously engages in [union busting](#), unethical [labor practices](#), and [limits the free speech](#) of its union when it comes to the topic of [indigenous rights](#);

Whereas, Middlebury Dining Operations does not have a fixed contract with the Starbucks Corporation, and, in the past, it was by popular demand from students that Middlebury added the company's products to its menu;

Therefore, be it resolved...

That, criteria for divestment against human rights abuses be broadened from "war crimes" to include war profiteering to reflect that both ["severely violate Middlebury's ethical principles;"](#)

That, the college reconsiders its sale of Starbucks products to reflect student demands for a more ethical source of coffee from a smaller, local provider who does not infringe on workers' or indigenous rights.

This document will put the proposals of this resolution in concrete form.

For context, we are stepping into the legacy of the student Socially Responsible Investment club (SRI) and the [charges](#) of the committee charter of the Advisory Committee on Socially Responsible Investment (ACSRI). “These are guiding but not comprehensive principles. This club paved the way for the socially responsible investing decisions that eventually resulted in the 2019 early divestment from fossil fuels that Middlebury famously led the world in. The charter outlined these basic ethical investment criteria:

“When considering future and current investments, the following principles may be considered.

The Environment:

To promote sustainable environmental practices, including but not limited to:

1 Climate Change 2 Renewable Energy Technologies 3 Abatement of Pollution 4 Environmental Justice

Human Rights:

To discourage the violation of human rights around the world, including but not limited to:

1 Genocide 2 War Crimes 3 Torture 4 Due Process of Law

Workplace/Workers’ Rights:

To support the equal treatment of workers around the world, including but not limited to:

1 Child Labor 2 Equal Opportunity Employment 3 The Right to Organize 4 Just and Fair Compensation

Corporate Accountability: To discourage abuses of executive power in corporations, including but not limited to: 1 Fraud 2 Insider trading 3 Executive self-dealing 4 Excessive executive compensation

Consumer Advocacy: To discourage the production and/or marketing of goods proven to be harmful to the well being of the consumer, including but not limited to: 1 Deceptive advertising 2 Harmful advertising to children

Local Interests: To promote, by investment, the growth and sustainability of local commerce, while maintaining an internationally diversified portfolio.”

It is our invocation of this charter to reiterate its continued relevance, specifically through its understanding that “these are guiding but not comprehensive principles. The committee may consider other principles it deems relevant and appropriate to the spirit of the committee.”

Since 2019, “Middlebury and Investure have established realistic and reasonable reduction targets to ensure the phaseout does not significantly impact the performance of the endowment” ([Energy2028](#)). We also know that as of a year ago, Middlebury, by divesting from arms manufacturing, brought itself much closer, but not fully on the way to achieving the goals outlined in the human rights section.

Outlined below is a proposed framework for operationalizing divestment and criteria for divestment from war profiteering, war crimes, genocide, torture, and a violation of due process of law. This criteria is taken largely from the “Brown Divest Now” 2024 [critical edition report](#) and adapted for Middlebury:

Suggested Criteria for Identifying Corporations for Divestment

Screening Procedure for Direct Investments

To codify practices implemented currently—such as the divestment from arms manufacturing—and to prevent future investments in unethical industries, **we encourage the investment office to consult the following screening database which document companies engaging in behavior that may violate the ACSRI criteria:** The American Friends Service Committee Investigate Tool (<https://investigate.afsc.org/>). For over a century, the [American Friends Service Committee](#) (henceforth, the AFSC) has been committed to “the power of nonviolence to overcome racism, violence, and oppression” through direct action and political education. Founded by Quakers and pacifists in the midst of WWI, the organization has contributed to justice initiatives in the United States and abroad. The AFSC has consistently maintained a commitment to activism on behalf of vulnerable and targeted populations—helping thousands of Jewish refugees escape Nazis in WWII, opposing Japanese internment, and organizing against apartheid South Africa. The Nobel Prize Committee [has lauded](#) the Committee and its work, even bestowing upon it the Nobel Peace Prize in 1947 (along with the Friends Service Council). The AFSC’s [“Investigate” Project](#) compiles company publications, field research, government publications, and data obtained through Freedom of Information Act requests in order to “expose corporate involvement in oppressive state violence structures and promote standards for corporate social responsibility.”

This proposed screening criteria and associated resources are designed to evaluate individual companies to determine whether direct investment is appropriate. However—based on Middlebury’s relationship with Investure—Middlebury’s investments are not in individual companies alone (21.4% in 2023 were in Public Equity) but also hedge funds, private equity, and venture, to name a few.

Screening Procedure for Exchange Traded Funds

The complications of Middlebury’s investments should not impede Middlebury from considering the aforementioned divestment criteria specifically with regard to ETFs. If the ETF’s portfolio is rife with companies which are disqualified through the screening procedures, they should consequently be excluded from direct investment. In addition to providing a robust database of individual companies complicit in human rights abuses, the AFSC investment screening tool [allows investors](#) to evaluate the portfolios of mixed asset investments including ETFs and mutual funds. The search tool evaluates the “total [fund] assets invested in occupation companies” and the “total % [of the fund] invested in occupation companies.”

We encourage the Middlebury Oversight Subcommittee to use the AFSC search tool and database as a resource to determine whether a fund's portfolio **invests greater than 10% of its assets in companies which violate the screening criteria**—indicated by designation of “occupation companies” by the AFSC. We suggest the ten percent exclusion threshold following procedures used by existing exclusionary screens to determine whether multi-industry companies should be targeted for divestment based on their [percent revenue](#) exposure to arms or fossil fuels.

Therefore, in future direct investments, we propose that ETFs should be disqualified if, in the judgment of the investment office, the portfolio will consistently derive greater than 10% of its value from companies which violate the screening criteria. Even if no direct investments in any of these companies currently exists, publically committing to abstaining from future investment is a crucial component of how divestment produces social pressure on companies engaged in social harm.

Summary of Consequences of Divestment from War Profiteering

1. No other peer institutions have divested from arms manufacturers and the war/defense industry like Middlebury has. Thus, the public reaction to this initially, like it was in divesting from South African apartheid, would be polarized.
2. There is a growing trend of alumni dissatisfied with Middlebury's financial practices who are refusing to conduct alumni interviews or donate to the college during the capital campaign, who might be brought back into good standing with Middlebury based on this more ethical investment strategy.
3. A less diverse portfolio that screens for various unethical investments will be more at risk to market fluctuations.
4. This divestment fits Middlebury's history of being an ethical leader amongst its peer institutions, specifically in the financial sphere, a reputation that has and will further strengthen Middlebury's brand.
5. Due to the nature of Middlebury's endowment being invested in a complex, joint investing platform, the logistics of singling out unethical companies poses logistical challenges.
6. There is a precedent (South Africa, Sudan, Fossil Fuels, Arms Manufacturing) for Middlebury screening unethical investments despite logistical challenges.